

5 of 30 DOCUMENTS

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HEADLINE: AP Exclusive: Al-Qaida continues to siphon money from Islamic charities to fund attacks despite U.S., Saudi crackdown

BYLINE: By MATTHEW ROSENBERG, Associated Press

DATELINE: NAIROBI, Kenya

BODY:

Al-Qaida has siphoned millions of dollars from Islamic charities that help poor Muslims in Africa and Asia, and U.S. and Saudi government efforts to cut the flow have largely failed, Western diplomats and former charity workers say.

Working with sympathizers inside the charities, al-Qaida has for years used humanitarian funds for terror attacks in Kenya, Tanzania and Indonesia, U.S. and other Western officials told The Associated Press.

In one case, donations to the Al-Haramain Foundation to support Islamic preachers ended up in the pockets of a suspect in the November 2002 bombing of an Israeli hotel in Kenya, a Western diplomat told AP.

A wholesale fish business financed with Al-Haramain funds also steered profits to the al-Qaida cell behind the August 1998 bombings of the U.S. Embassies in East Africa, U.S. officials told AP.

The officials, most of whom spoke on condition of anonymity, cited intelligence garnered from informants, interrogations of suspects, documents seized from charities and communication intercepts.

Al-Haramain, based in Saudi Arabia, provides the clearest example of a charity that has stayed open despite repeated attempts to shut it down overseas, including fresh moves this past week by the Riyadh government.

At its height, Al-Haramain raised \$40 million to \$50 million a year in contributions worldwide, the vast majority going to feed hungry Somali orphans, educate poor Indonesian students and help sick Kenyan children.

U.S. officials have privately conceded that only a small percentage of the total was diverted and that few of those who worked for Al-Haramain knew money was being funneled to Osama bin Laden's terrorist organization.

Still, the officials say money from Al-Haramain and other charities was – and continues to be – a major source of funds for al-Qaida.

The latest move against Al-Haramain came Wednesday when Saudi officials, under U.S. pressure, moved to dissolve the charity and create a commission to filter all contributions raised inside the kingdom to support causes abroad.

But Al-Haramain has deep roots – and wealthy benefactors – in countries where its branches are accused of helping finance al-Qaida. As pressure on the group has mounted in recent years, its foreign branches have increasingly turned to supporters outside the kingdom for money, said a U.S. intelligence official, speaking on the condition of anonymity.

"Vetting Saudi money is a start – it'll stop some money from getting to al-Qaida," said the official. "But it's no

The Associated Press June 6, 2004, Sunday, BC cycle

solution."

The United States has tried repeatedly to shut down Al-Haramain.

In 2002, the U.S. government blacklisted Al-Haramain's Bosnian and Somali branches – mandating the government to seize its assets and shut it down. A year later, the Saudi government, under U.S. pressure, demanded the charity close all its overseas branches.

This January, Al-Haramain branches in Indonesia, Kenya, Tanzania and Pakistan were put on U.S. and U.N. blacklists.

Al-Haramain's acting director, Dabbas bin Mohammed al-Dabbasy, said in May that all the charity's overseas branches were closed.

Yet in Kenya and Somalia the charity still appears to be running.

U.S. investigators believe the group is using new names in Kenya, having simply shifted its funds to fresh bank accounts, the intelligence official said. The official declined to provide names for fear of tipping off Al-Haramain officials who may believe they are working undetected.

Al-Haramain is keeping a low-profile in the East African country. A recent visitor to its Nairobi office was shooed away by a security guard who said it was closed, although there were parked cars in the driveway and dozens of pairs of shoes outside the front door.

A Kenyan Muslim preacher on Al-Haramain's payroll until February told AP he knows at least two Islamic preachers who are still being paid by the charity. The preacher, who was paid 8,000 Kenyan shillings, or just over \$100, a month, asked not to be identified for fear of retribution.

In parts of Somalia, a country without a central government, Al-Haramain remains active. In the northern port of Bossaso, the group is running a school, an internet cafe and a money transfer business down the street from the offices of the United Nations Children's Fund, said a foreign aid worker who was recently in the town.

The U.S. intelligence official said there is evidence Al-Haramain is still working with al-Qaida suspects in eastern Africa, especially in Somalia, where Islamic extremists have repeatedly sought safe haven. The official, however, refused to elaborate, saying it could compromise investigations into the charity's ties to al-Qaida.

The official said many Islamic charities that have been ordered shut down or are being investigated for terrorist ties are reopening under new names or staying open in areas where there is no government crackdown.

"Al-Haramain is doing both," the official said.

Juan Zarate, deputy assistant secretary for terrorist financing and financial crimes at the U.S. Treasury Department, said Al-Haramain is a prime example of how militants are using Islamic charities.

"Certain individuals associated with Al-Haramain were using the charity itself to support terrorist groups from a logistical and philosophical standpoint ... co-mingling funds and co-mingling activities that meld the good work with bad work," he told AP. "It makes it altogether much more difficult to ferret out the bad from the good."

Charity is a central facet of Islamic ethics. In Kenya and Somalia, where many Muslims are devout and extremism hasn't taken deep root, al-Qaida operatives and sympathizers inside Al-Haramain presented themselves to philanthropists as good Muslims looking to do God's work.

In Pakistan and Indonesia, where extremists have found a broader audience, Al-Haramain advertised donations as a form of jihad, or holy war, although it did not always say the money would be used for terrorism, the intelligence official said.

With al-Qaida's recruiting efforts meeting only modest success in eastern Africa, the terrorist network used money from charities for logistical and operational expenses, U.S. officials said. In Pakistan and Indonesia, however, the charity money is used for recruiting as well.

Evidence linking Kenya's Al-Haramain branch to al-Qaida emerged following the 1998 bombings of the U.S. embassies in Nairobi and Dar es Salaam, Tanzania, simultaneous attacks that killed 231 people, including 12 Americans.

The al-Qaida cell that orchestrated the bombings was in part financed by profits from a wholesale fish business set

The Associated Press June 6, 2004, Sunday, BC cycle

up with funds from Al-Haramain and at least one other charity, said another U.S. official, also speaking on condition of anonymity.

Al-Qaida used money from charities to buy a small fiberglass fishing boat for Mohammed Sadiq Odeh, now serving a life sentence in a U.S. prison for the embassy attack, said the official, who spoke from Washington.

Following his arrest in the days after the bombings, Odeh told U.S. and Kenyan investigators that "the business was for al-Qaida." He said he was permitted to take from the profits what he needed to live on and "give the rest to al-Qaida and employees who were in al-Qaida," according to an FBI report of his interrogation.

Less than a month later, the Kenyan government banned five Islamic charities suspected of helping finance the attack, including Al-Haramain.

But at the group's Nairobi offices, it was business as usual – and Al-Haramain funds are believed to have helped support the cell that planned the hotel car bombing that was carried out four years later.

The Muslim preacher, who spoke to AP about continuing charity payments to Islamic clerics, said the man who put him on Al-Haramain's payroll – an Algerian named Ahmed Hajji – introduced him to another Kenyan preacher who was also getting money from the charity, Aboud Rogo Mohammed.

Rogo Mohammed is now being tried in Kenya on murder charges for his alleged role in the 2002 bombing at the Israeli-owned hotel north of the Indian Ocean port of Mombasa.

Hajji, who runs the Tawheed Islamic Center a few miles south of Mombasa, told AP that Rogo was only an acquaintance who helped Al-Haramain identify locations to build three mosques, nothing more.

But the Western diplomat said the money Rogo received from Al-Haramain is believed to be among the funds he used to help al-Qaida operatives rent houses in Mombasa and settle in remote parts of Kenya as they planned the hotel attack, which killed 15 people, including three Israeli tourists.

There also are indications that money supplied from charities was used to buy weapons for the attack, said the U.S. intelligence official, although there is no evidence of any explicit order to buy explosives.

Muslims make up between 10 percent and 20 percent of Kenya's 30 million people. Governments in countries like Kenya that were once reluctant to investigate charities for fear of angering Muslims have become more willing to aid U.S. moves to cut terror funding.

But in Kenya and elsewhere, a lack of investigative know-how, decades of corruption and a lack of financial oversight hamper the efforts.

In Kenya, the ease with which Al-Haramain operated changed in January, when the branch was put on the U.S. and U.N. blacklists.

But a Kenyan official, speaking on the condition of anonymity, said there is some confusion among authorities over which bureaucracy – the central bank, the national security ministry or the home affairs ministry – is responsible for shutting down charities like Al-Haramain.

Regardless, the Kenyan government lacks the legal authority to seize money from groups suspected of supporting terrorism, he said, because there is no law on the books giving officials that power.

Complicating matters is a banking industry that has been practically unregulated for decades. Setting up an account in one of Kenya's many small banks requires little documentation. Many local banks keep separate books for customers who want to avoid taxes, the Kenyan official said.

Even in the best circumstances, tracking money "is a painstaking, time-consuming endeavor," said Ted Dagne, an Africa specialist at the U.S. Congressional Research Service. U.S. investigators "have had years to develop the skills it takes to do this kind of work – and we still have a lot to learn."

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Associated Press writer Mike Casey in Jakarta, Indonesia, contributed to this report.

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The Associated Press June 6, 2004, Sunday, BC cycle

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